GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3523
ANSWERED ON:07.09.2007
UNIT LINKED INSURANCE PRODUCTS
Chowdhury Shri Adhir Ranjan;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints that some Insurance agents are misguiding the people for selling Unit Linked Insurance Products in the country;

(b) if so, the details thereof;

(c) whether the Insurance Regulatory and Development Authority (IRDA) proposes to take any corrective steps in this regard; and

(d) if so, the action takenfoeing taken by the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Insurance Regulatory and Development Authority (IRDA) has reported that it has received complaints about mis-selling of Unit linked products by agents of some insurance companies. IRDA has also received complaints against agents of both public and private insurance companies for circulating unapproved sales literature projecting high returns on investments made in Unit-linked products.

(c) & (d): Yes, Sir. IRDA has informed that it has initiated action against those responsible for circulating such sales material. Some of the insurers have also confirmed termination of the agents responsible for circulating the unapproved literature. Life Insurance Corporation of India has also advertised in the newspapers that returns under the Unit linked products are not guaranteed. IRDA in a press release on 1st March 2007 has also cautioned the public not to be carried away by such unapproved sales literature and take informed decisions on the basis of proper disclosures made by the representatives of insurers.